



THOMAS L. GARTHWAITE, M.D.  
Director and Chief Medical Officer

FRED LEAF  
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COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
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BOARD OF SUPERVISORS

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December 16, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT  
(ALL DISTRICTS AFFECTED - 3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

(1)	Account Number	LAC+USC	1341351	\$192,000
(2)	Account Number	H/UCLA	5764151	\$44,000
(3)	Account Number	LAC+USC	7464441	\$31,667

**PURPOSE OF THE RECOMMENDED ACTION:**

The compromise offer of settlement for patient accounts (1) - (2) are recommended because the amounts are the highest amounts that could be negotiated with the patients' insurance (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevent further collection from the patients, except for possible beneficiary coinsurance or deductible obligations. The compromise offer of settlement for patient account (3) is recommended because the patient is unable to pay the full amount of charges and the compromise offer represents the maximum amount the Department will be able to receive under the tort settlement involved in this case.

**JUSTIFICATION:**

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

The Honorable Board of Supervisors  
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**FISCAL IMPACT:**

This will expedite the County's recovery of partial payment totaling approximately \$267,667.

**FINANCING:**

Not applicable.

**FACTS AND PROVISIONS/LEGAL REQUIREMENTS:**

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when in the best interest of the County. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

Typically, recoveries in tort settlements are divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and the lawyer.

**CONTRACTING PROCESS:**

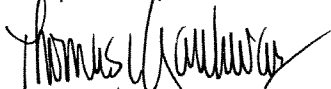
Not applicable.

**IMPACT ON CURRENT SERVICES (OR PROJECTS):**

Maximizing net revenues on these accounts will help DHS to meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

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Attachments

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1  
DATE: December 16, 2004

<b>Total Charges</b>	\$300,073	<b>Account Number</b>	1341351
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$300,073	<b>Date of Service</b>	05/01/04 – 05/25/04
<b>Compromise Amount Offered</b>	\$192,000	<b>% Of Charges</b>	64%
<b>Amount to be Written Off</b>	\$108,073	<b>Facility</b>	LAC+USC Medical Center

### JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2  
DATE: December 16, 2004

<b>Total Charges</b>	\$101,443	<b>Account Number</b>	5764151
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$101,443	<b>Date of Service</b>	09/26/03 – 10/03/03
<b>Compromise Amount Offered</b>	\$44,000	<b>% Of Charges</b>	43%
<b>Amount to be Written Off</b>	\$57,443	<b>Facility</b>	H/UCLA Medical Center

### JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

## DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3  
DATE: December 16, 2004

<b>Total Charges</b>	\$130,410	<b>Account Number</b>	7464441
<b>Amount Paid</b>	\$0	<b>Service Type</b>	Inpatient
<b>Balance Due</b>	\$130,410	<b>Date of Service</b>	02/04/02 – 02/19/02
<b>Compromise Amount Offered</b>	\$31,667	<b>% Of Charges</b>	24.3%
<b>Amount to be Written Off</b>	\$98,743	<b>Facility</b>	LAC+USC Medical Center

## JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$130,410 for medical services rendered. The patient's third-party claim has been settled for \$95,000 and his attorney is proposing the following disbursement of the proceeds:

<b>Disbursement</b>	<b>Total Claim</b>	<b>Proposed Settlement</b>	<b>Percent of Settlement</b>
<b>Attorney fees *</b>	\$38,000	\$31,667	33.33%
<b>Attorney Cost</b>	\$3,566	\$0	--
<b>LAC+USC Medical Center</b>	\$130,410	\$31,667	33.34%
<b>Other Lien Holders and Patient**</b>	\$39,621	\$31,666	31.33%
<b>Total</b>		\$95,000	100.0%

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.

\* The patient's lawyer has reduced his fees from 40% to 33.3%.

\*\* The balance of the settlement will be allocated between the patient and the other lien holders.